

## Department of the Interior Departmental Manual

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**Effective Date:** 8/31/07

**Series:** Public Lands

**Part 602:** Land Acquisition, Exchange, and Disposal

**Chapter 1:** Appraisal of Real Property

**Originating Office:** National Business Center

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### 602 DM 1

**1.1 Purpose.** This chapter provides Departmental policy for land valuation issues, real property appraisals, and legislative land exchanges. It provides policy and guidance for alternative methods of valuation (AMV) that address the need to comply with nationally applicable appraisal standards; appraisals prepared for third parties (i.e., non-Federal entities); and legislative land exchanges. It further provides for a Departmental determination on how to review appraisals to ensure appropriate coordination and decision-making.

**1.2 Authority.** This policy is issued in accordance with the current editions of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) and the Uniform Standards of Professional Appraisal Practice (USPAP).

**1.3 Policy.** All real property appraisals performed by the Department shall conform to nationally recognized appraisal standards (i.e., the current editions of UASFLA and USPAP, as applicable). The use of AMV, such as public interest value, contingent valuation, habitat equivalency analysis, and any other AMV in real property appraisals are expressly prohibited.

#### **1.4 Responsibilities.**

A. The Associate Director, Appraisal Services Directorate (ASD), has overall authority and responsibility to ensure the effective implementation of AMV appraisals and appraisals prepared for third parties. The Associate Director, ASD, is responsible for coordinating with the Office of the Special Trustee for American Indians (OST) and, as applicable, the Office of Congressional and Legislative Affairs (OCL).

B. The Director, OCL, has overall authority and responsibility to ensure the effective implementation of legislative land exchanges and coordinates with the Associate Director, ASD, as applicable.

#### **1.5 Alternative Methods of Valuation.**

A. AMV Directed by Congress. If Congress directs the Department to prepare an AMV, the Department will describe the AMV applied; provide a real property appraisal that conforms

with nationally recognized standards (i.e., UASFLA and USPAP, as applicable) for the specific transaction; explain how the AMV differs from appraisal methods applied under UASFLA or USPAP; and provide information to the appropriate committees prior to or after completion of the transaction.

B. AMV Requiring Congressional Authorization. If the Department proposes to prepare an AMV in addition to a real property appraisal in a specific transaction that requires Congressional authorization, a written explanation, of the AMV applied and, how it differs from appraisal methods applied under UASFLA or USPAP will be provided to the appropriate Congressional committees. In this case, Congress will determine the most appropriate valuation for the transaction.

C. AMV that Does not Require Congressional Authorization. If the Department proposes to prepare an AMV in addition to a real property appraisal in a specific transaction that does not require Congressional authorization, the Department will notify the appropriate committees of Congress and the Office of Inspector General prior to the completion of the transaction. The notification will describe how the AMV differs from appraisal methods applied under UASFLA or USPAP, and the basis upon which the Department plans to complete the specific transaction.

**1.6 Appraisals Prepared for Third (i.e., non-Federal) Parties.** Appraisals prepared by third (i.e., non-Federal) parties may assist in achieving mutually beneficial outcomes for the Department and the non-Federal party. The Department is not obligated to review land transaction proposals, or the associated appraisals, if the transaction does not comply with its land management missions, priorities, and plans.

A. Upon request by a bureau, ASD or OST, as applicable, the DOI appraisal staff will review a third party appraisal if:

(1) The third party consults with ASD or OST, prior to the initiation of the appraisal, on the scope of work and the selection of the appraiser, and agrees that ASD or OST, as applicable, is both the client for and an intended user of the appraisal.

(2) A senior bureau or Departmental official (i.e., Senior Executive Service level in the field or headquarters, as applicable) transmits the appraisal with a determination that the land transaction proposal supported by the appraisal complies with applicable missions, priorities, and plans.

(3) ASD or OST, as applicable, determines that the appraisal was prepared by a certified appraiser and meets applicable real property appraisal standards. ASD and senior bureau personnel should be involved with the appraisal from the beginning of the valuation process.

B. The ASD or OST review of an appraisal should not create an expectation that the appraisal will be approved. In cases where an appraisal is reviewed by ASD or OST, a second appraisal may be required. If a second appraisal is required, it will be conducted or overseen by

ASD or OST and it will be performed in accordance with procedures determined by ASD or OST, as applicable.

**1.7 Legislative Land Exchanges.** Legislation is required to authorize land exchanges in all interstate exchanges and exchanges directed by Congress that include provisions exempting agencies from mandates that otherwise apply; such as, the Federal Land Policy and Management Act of 1976 land use planning requirements; the National Environmental Policy Act of 1969 analysis; or appraisals. A legislative exchange may be proposed even when no additional authority is required. Although most legislative exchanges address Bureau of Land Management lands, legislation has also been enacted concerning National Park Service and Fish and Wildlife Service lands.

A. All legislative land exchanges initiated in the Department must be coordinated with OCL. All officials and employees of the Department will adhere to 461 DM 1, which addresses requests for information, drafting, or other assistance regarding legislation from sources outside the Department, and specifically requires coordination with the Legislative Counsel in OCL.

B. Supporting documentation must be provided for key provisions of the proposal. A real property appraisal that conforms to national standards may include documentation of an AMV. If an AMV is included, then the documentation must address how the AMV differs from methods utilized in a market appraisal prepared in accordance with national appraisal standards.

C. The OCL will determine the appropriate means for reviewing each legislative exchange proposal, including the involvement of appropriate policy officials of other offices (*e.g.*, ASD or OST, as appropriate, and the Solicitor).

D. Real property appraisals prepared for proposed legislative exchanges must conform to nationally recognized appraisal standards (UASFLA and USPAP, as applicable). When the Department prepares documentation based on an AMV for a legislative exchange, it is required to provide a description of the AMV and an explanation of how it differs from methods utilized in the real property appraisal that was prepared consistent with nationally recognized appraisal standards (*i.e.*, UASFLA and USPAP, as applicable). In this case, Congress will determine the most appropriate valuation to be used for the transaction.